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OPEN DISCUSSION

MR. F. C. HENDERSCHOTT, New York Edison Company, New York City:

I am glad to have the opportunity to speak. I am a private citizen; I do not own any stock in any utility corporation, but about two years ago it was my good fortune to inaugurate a movement through which corporations are training their employes.

I believe the function of a government is to govern and regulate, and not to conduct business. I have felt during the last two days, as I have attended your sessions, that you have not been quite fair to the man who is a director in the big corporations; you have not been quite fair to that element in the directory which is honorable and square, and which means to do the right things. I refer to those men that you would not hesitate to go to, and who would be the first men that you would go to if a proposition was up which involved the future of your city. You have run a little bit riot on one side of the proposition.

There are in the United States today over eighty of the great corporations, with a combined capital of \$3,000,000,000, with employes in excess of 1,000,000, that are training their employes at their own expense to render a better and more careful grade of service.

When you speak of getting better service from employes, who are under municipal government or the United States Government, just kindly take the time to refer to the recent reports of the Postmaster General, and some others, and find out what the possibilities are of getting a higher grade of service from political employes than you can get from employes of private corporations.

Of course, you have one expediency left; you can go to Washington, introduce a bill, and change human nature, but you won't get a higher grade of service from people whose principal effort is to get their job and get under civil service rules than you will from people who have to render an account day by day to hold their jobs and be promoted.

There isn't any question but what the corporations have done wrong. We all know it. The Sherman law was a dead letter for years, but as the gentleman who has just preceded me said, you will have no trouble in getting all you are entitled to from a cor-

poration, if you go at it right. The government today has all the authority it can ever have. It can delegate this authority to its public service commissioners, and it has so delegated it, and we have honest, faithful public service commissions who are working on these tremendous problems. We have public service commissions in forty-five of the states, many like the ones in your state, just recently come into existence. You have to be patient until those gentlemen can compare notes, until they can solve the problem of proper government regulation.

Will you have better regulation if you put your utilities under the municipalities? Can you have any more authority to regulate your utilities under municipalities than you have today under private corporations where you can bring them to time every time you go after them? It is not the business of the government of the United States to run the business of the United States. I want to sound just this note of warning.

When you go into the public utilities and take them over, you are going into a form of government that this country has never known, and I doubt if it is yet ready to accept. You can compel your public service corporations to render a high grade of service, and no one knows this better than they do, and no one is more anxious to render a high grade of service than the public service corporation that is awake and knows its business. You can regulate their securities, you can regulate their prices and you are doing it.

The problem is not yet complete. When you put the government into business, you are putting business into politics. I do not care whether in a municipality or in the United States Government. When you have taken over the railroads, and the other public service corporations, and put them into politics, you have a condition that you have not yet dreamed of in this country.

We hear all the beautiful sides of municipal ownership. I have lived in a town where they had municipal ownership. I live in a town where we had municipal ownership of the electric light plant, and we were mighty glad to get rid of it. There is no doubt but what municipal ownership, under certain conditions, can be made a success, but when you suddenly start a new form of government and enter into the big businesses, you are starting on a dangerous path.

In some places they have not stopped at that. In some places the municipalities have sold chicken dinners and ice cream cones

in their parks. In one city they even attempted to run a municipal newspaper. It failed, of course. If things are pushed to such an extent as that, what are you going to do with your people? What are you going to do with the people who are going to pay taxes, and do not have a municipal job? It is a big proposition you are considering here when you put the government into business.

The other thought is that I do not think this Convention has been quite fair to a great many men who have their money invested in big corporations, and who are honest, patriotic, full blooded, law-abiding citizens, just as honest and as faithful as any citizens of any kind, and just as anxious to coöperate with you for good government as they have been with this great movement to educate the employes for better services.

It is a tremendous movement this industrial educational movement, which is starting all over the country, and it has gone into our public school system. When you stop to think that only 4 per cent of the male population has had any high school training, you will get an idea of how important it is to educate your men and not turn them out every two years or every four years and put in another class of men that know nothing about it to run the government.

MAYOR BAKER:

I am the particular mayor who sold ice cream cones, etc., in the public parks. I only want to make sure that was not passed by as a flight of the imagination. I actually did it. We found in Cleveland that the private concerns were selling too little ice cream or too poor quality. They were adulterating the quality of all the supplies sold in the parks, and squabbling about the division of their earnings on the side. So we undertook to do it by the city. We appropriated by anticipation \$95,000 of the income we expected to get from the sale of those supplies, and purchased the supplies and actually made some \$12,000 or \$15,000 profit in a single year. We sold more ice cream, of a better quality, of a pure and sanitary character, at less than the previous price to each customer, and a purer and a larger quantity of candy, and pop corn and everything of that sort was really sold.

The cleanliness of the surroundings was certainly greatly improved, and while it may have been a wicked invasion of the province of private enterprise, I am quite certain that the people of that

particular city would not be willing to go back to the private sale of confections and kindred things in the public parks.

MAYOR SCANLON:

I have made the statement in my own city that I had the reputation of never missing an opportunity, but as a matter of fact, I have missed one or two, and everybody laughed, and that is the reason I am on the floor now, because I am not going to miss any more. I have listened to the discussion of utilities with a great deal of interest yesterday and today, and I have heard some papers read, and some speeches that were radical in some directions.

As I stated yesterday in a few remarks I made, I am from the mountain state of West Virginia. I am mayor of a little city of 50,000 people. We have all the public utilities owned by private corporations, and we have all the big corporations represented. We have the Standard Oil furnishing us natural gas, that is, through a subsidiary company known as the United Fuel Company, the American Railways Company running our trolley cars, and the American Guarantee and Water Works furnishing water. We have all the big private utilities corporations serving us in our public utilities, but we have not suffered so much. I am surprised that the great cities of New York, Chicago, Philadelphia and these other large cities say that they have suffered to such a large extent. I do not understand it, coming from a small community.

We do not issue any contract to any corporation through which they can put their foot upon our necks. We do not grant franchises by which these great corporations can put their foot upon us. We have 6 cent electricity, 4 cent car rates and 15 cent natural gas, in spite of the fact that the Standard Oil Company is furnishing it for us.

We went out into the country and leased several thousand acres of gas land, and we raised by subscription of 105 thousand dollar lots, \$300,000 inside of twenty-four hours. We are boosting; we are building a city right; we are looking after our people. We do not need to fear the Standard Oil Company, the American Railways Company or the American Guarantee and Water Works Company or any other company. If we need their services, we use them. We have state regulation, we have a good state board; it was appointed by the governor. I heard people say upon the floor of this convention yesterday that they are liable to be politicians when the governors appointed them. Perhaps they are politicians, but

they are practical men. Just as practical as every other man. The governor of our state is a Republican; he is a partisan Republican, and I am a very partisan Democrat. Yet that governor has given us a good board, and the city has taken good advantage of it. We do not have to bother with local laws; because we deal with these questions ourselves. We deal with them right at first hand. We are going to buy our water works and we are going to do that within the next ten years. We believe in municipal ownership, but we have no fear of any corporation in the land.

We go after these corporations and we make them know we are on the earth, and I believe you ought to do the same thing and just use your state regulation. It might be well enough for Philadelphia, New York and Chicago to have those regulations, as they do in cities of 50,000, 75,000, 100,000 or even 200,000, and if the privately owned public utilities become too independent, the people go after them with state regulation; get municipal ownership as fast as you can, but don't get it in too big a hurry. Don't be afraid of the public service corporations, for they are a very necessary evil in three-fourths of the cities of this country, because we need their help and their money to build the city before we take it entirely out of their hands.

HON. GEORGE N. SEGER, Mayor of Passaic, New Jersey:

Mr. Chairman, and Gentlemen: As a representative of the smaller cities of the state of New Jersey, which is served by the public service corporation in its railways and its electric lights and power, and its gas, I want to say that this entire conference, to my mind, has resolved itself into this: that both the public service corporations and the representatives of the cities have the same motives, that is, to get the most for those whom they represent. The only difference has been that the public service corporations have approached their motives in a scientific manner, and the mayors and representatives of the various cities have gone about this thing in a rather more or less haphazard way.

The city of Passaic, some years ago, was paying \$1.10 per 1000 for gas. We believed that gas could be produced cheaper. I am not a believer in the statement that the public service corporations are conceived by the devil, nor do I believe, as has been stated by some of the speakers, "that public utilities commissions created by the state are not always loyal to the people."

But I do believe the fact is this, that when the people go before the public service corporations and public utilities commissions, they oftentimes go without any preparation. The city of Passaic believed that in order to go before the public utilities commission, in an effort to get the rate reduction, they should come prepared. The experts that the public service companies employ are well equipped and experienced in this work, and we thought we should make preparation in the same way, that is the getting of information.

This conference is going to resolve itself into a bureau of collecting information which will be available to the smaller cities who can ill afford to hire high priced experts.

It was a common occurrence for me to go down to Trenton to attend hearings before the public utilities commission and see an array of council representing the public service companies, representing an aggregate salary of \$200,000 a year, while the city had appropriated only about \$5000 for its fight against them.

It does not make any difference as to how the public service company was disposed toward the city of Passaic at that time, nor that the public utilities commission of New Jersey was able to assist us, the fact remains that we, the city of Passaic, collected and presented figures and facts, which secured a reduction in the price of gas from \$1.10 to 90 cents per thousand, and not only did the city of Passaic benefit by such reduction, but the entire state of New Jersey.

I want to say at this time, on behalf of the city of Passaic, that I will submit to the Utilities Bureau all that information, which cost us \$5000, for their use, and I hope the other cities will contribute in a like manner.

HON. D. W. NEVIN, Mayor of Easton, Pennsylvania:

I wish to speak to this convention for just a few minutes, representing as I do, the captains of industry, as well as the governors of the municipality.

I have been, during the period of thirty-five years, eighteen years in public service, and an officer of municipal corporations, and during that thirty-five years I have been a representative in every capacity of a public utility corporation, representing as I have, and as I do now, as many as five corporations.

I had thought, as I heard these remarks made before this convention, that all bad organizations were confined to New York and Philadelphia, but I am now of the opinion that the West can go us

one better, of all that we have heard here of conducting of corporations by municipalities.

I believe that there is one thing that this convention has discounted, and that is the fact that the privately owned corporations have made the cities, which we represent, what they are today, and it should not be forgotten.

I do not believe in this age of legislative insanity and investigation of all kinds that we should suddenly place upon the cities all private corporations, for management, when a few restrictions will correct all the evils of which we complain.

I learned when I went to Sunday school that there were two things necessary to live an upright and honorable life: one was to obey the Commandments, and especially the Commandment which says, "Thou shalt not steal"—and the other was to obey the Golden Rule, to do unto others as you would have them do unto you; and that should apply as well in the management of corporations as in private matters.

I built a railroad twenty-six years ago, and I am operating a part of that road today and have for the past twenty-six years. I am also the mayor of the city through which that road runs, and it forms a part of, although I am not connected with it, one of the best conducted trolley roads in the country. I have been connected with the electric light company, and I have been connected with the gas company, and I have had much to do with water companies, but I have never seen yet where honest men were put at the head of any private institution and obeyed the laws of the land that there was any cause for any municipal interference with the conduct of these corporations.

There is much that I could tell you on the part of the public. The public are not all angels; far from it. If I could tell you of some of the cases which have come up in my own observation, you would be surprised to see what small people there are in a community, that a large corporation has to deal with, and if a private corporation has to deal with such characters, much more will a municipally owned corporation, that will be subject to all those men that want to be in office, have to contend with.

I say we ought to be, at least, just, honest and fair. We ought to consider the people who have made this country, and their interests should not be subjected to a course of treatment that will paralyze this country.